

- How have SBICs that issued Debenture leverage performed historically?

Debenture Fund Statistics Through December 31, 2008

For Funds Licensed 1998-2007 and Issued Debenture Leverage Only

Data and statistics prepared solely by SBA Office of Investment without independent auditing.

						Private Pooled ²			Combined Pooled ³		
Vintage Year	Num	Number in Upper Half of Private Equity ¹	Private Capital In (\$ Million)	SBA Leverage (\$ Million)	Total Capital In (\$ Million)	DPI	TVPI	IRR	DPI	TVPI	IRR
1998	10	2	\$ 152.1	\$ 241.1	\$ 388.8	0.5	0.8	-4%	0.8	1.1	1%
1999	10	7	\$ 158.5	\$ 357.0	\$ 515.5	1.2	2.0	15%	0.9	1.5	10%
2000	14	8	\$ 185.8	\$ 306.9	\$ 492.8	1.2	1.9	15%	0.9	1.5	10%
2001	10	7	\$ 138.8	\$ 233.0	\$ 371.7	0.6	1.7	12%	0.7	1.4	9%
2002	8	5	\$ 114.5	\$ 189.6	\$ 304.1	0.7	1.9	18%	0.5	1.5	12%
2003	9	4	\$ 332.8	\$ 509.1	\$ 842.0	0.4	1.4	12%	0.3	1.3	10%
1998 to 2003	61	33	\$ 1,082.5	\$ 1,836.8	\$ 2,914.9	0.7	1.6	11%	0.7	1.4	8%

Number Transferred to OL: 9 Leverage Repurchased \$ 147.8 (90% of leverage from Vintage Year 1998)

2004 to 2007	33	n/a	\$ 807.7	\$ 1,109.6	\$ 1,917.3	0.1	1.0	0%	0.1	1.1	6%
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1. This represents the number of Debenture SBICs that issued leverage whose performance based on its private internal rate of return (IRR) as compared to the average of Prequin and VentureExpert Private Equity statistics appeared to be in the top half of industry. (See note 2 below for how private IRR is calculated.)

2. Private Pooled statistics were calculated by pooling the private investor cash flows (draws, distributions, and net asset value) from all funds in each vintage year group and computing metrics as follows:

- Distributions to Paid in Capital (DPI): Total private distributions minus estimated 20% carried interest on any profits divided by private paid in capital.
- Total Value to Paid in Capital (TVPI): Total private distributions plus net asset value minus estimated 20% carried interest on any profits (realized and unrealized) divided by private paid in capital.
- Internal Rate of Return (IRR): IRR of all cash flows by year, where draws are negative cash flows, distributions minus 20% carried interest on any profits are positive cash flows, and the last cashflow includes the net asset value minus estimated 20% carried interest on any profits (realized and unrealized).

3. Combined Pooled statistics were calculated by pooling the cash flows from all funds in each vintage year and computing industry metrics. "Combined" statistics utilize cash flows associated with private investors and SBA leverage, treating leverage cash flows as if it were private investor capital. Paid in capital includes both draws from private investors and issuance of leverage. Distributions includes all distributions to private investors, fees, interest, and leverage payments. Net asset value treats the SBA leverage as investor capital. Performance metrics are computed as follows:

- Distributions to Paid in Capital (DPI): Total distributions minus estimated 20% carried interest on any profits divided by paid in capital.
- Total Value to Paid in Capital (TVPI): Total distributions plus net asset value minus estimated 20% carried interest on any profits (realized and unrealized) divided by paid in capital.
- Internal Rate of Return (IRR): IRR of all cash flows by year, where draws are negative cash flows, distributions minus 20% carried interest on any profits are positive cash flows, and the last cashflow includes the net asset value minus estimated 20% carried interest on any profits (realized and unrealized).